

Introduced by Senator Runner

February 15, 2005

An act to amend Section 19545 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 234, as introduced, Runner. Income tax returns: disclosure.

The Personal Income Tax Law and the Bank and Corporation Tax Law impose taxes on, or measured by, income. Existing law allows a tax return or return information filed under those laws to be disclosed in a judicial or administrative proceeding pertaining to tax administration under certain circumstances.

This bill would limit the disclosure of tax returns or return information, filed under these laws, to those portions of the return or the return information that are at issue in an administrative proceeding of the State Board of Equalization.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19545 of the Revenue and Taxation
2 Code is amended to read:
3 19545. A return or return information, *but only to the extent*
4 *that the return or the return information is necessary for the*
5 *resolution of the issues that are pending before the State Board*
6 *of Equalization*, may be disclosed in ~~a judicial or an~~
7 ~~administrative proceeding pertaining to tax administration, of the~~
8 *State Board of Equalization* if any of the following apply:

- 1 (a) The taxpayer is a party to the proceeding, or the proceeding
2 arose out of, or in connection with, determining the taxpayer's
3 civil or criminal liability, or the collection of the taxpayer's civil
4 liability with respect to any tax imposed under this part.
- 5 (b) The treatment of an item reflected on the return is directly
6 related to the resolution of an issue in the proceeding.
- 7 (c) The return or return information directly relates to a
8 transactional relationship between a person who is a party to the
9 proceeding and the taxpayer which directly affects the resolution
10 of an issue in the proceeding.